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Randolph Service Company

Its Economic Impact



RANDOLPH SERVICE COMPANY: ITS ECONOMIC IMPACT. Walter J. Wills. Department of Agribusiness Economics, Southern Illinois University under a cooperative research agreement with Agricultural Cooperative Service, U.S. Department of Agriculture. ACS Research Report 18.

Abstract

This study analyzed the Randolph Service Co. contribution to agriculture in Randolph County. The following areas were evaluated: (1) Patronage refunds, (2) prices for inputs and outputs, (3) adjusting service to member needs, (4) personnel development, (5) benefits to farmers, and (6) benefits to the local economy and communities. The cooperative has made major contributions in each of these categories. It has effectively adjusted operations to meet member needs since its organization in 1931.

Key words: Cooperative impact, cooperative benefits, contribution to rural economy, cooperative savings, cooperative services, competitive impact, effectiveness of cooperatives, custom services, rural communities.

Preface

This study was conducted by the Department of Agribusiness Economics, Southern Illinois University, Carbondale, Ill., under a cooperative research agreement with the Agricultural Cooperative Service, U.S. Department of Agriculture, Washington, D.C.

The study was one of several made under research agreements with funds authorized by Congress in 1977-78 to "study trends and effectiveness of the cooperative movement and assess the need for accelerating the promotion and development of cooperatives."

This report first explains the changes that have occurred in the economy and agriculture in the trade area considered. Then it describes the development and current status of the cooperative serving that area, and its contribution to the economy of Randolph County.

Data on the agriculture and economy in the area were gathered from secondary sources. Information on the cooperative was obtained from management personnel and members of its board of directors, and from representatives of local farm organizations, credit agencies, business firms, and government and educational agencies. Several benefits or impacts cannot be quantified. Any measurements depend upon subjective evaluations by members and area agribusiness leaders.

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Highlights

The Randolph Service Co., Sparta, Ill., has brought significant benefits to its farmer members and other rural residents in Randolph County for almost 50 years. A wide range of services have been added to meet the changing needs of farmers.

The cooperative began in 1931 by distributing petroleum products, adding a feed division 10 years later, plant food and grain marketing divisions by 1950, and later, farm chemicals, building materials, and garden and household supplies and equipment. By 1980 supply sales exceeded \$11 million and grain sales were \$25 million.

Randolph Service Co., has always attempted to meet members' needs, offering such related services as fertilizer and herbicide application, grinding and mixing feed, cleaning seed, drying and storing grain, repairing tires, spraying paint, leasing equipment, and extending credit.

Members have been willing to provide equity capital—for a total of \$4.3 million by 1980. Most of this has come from retained patronage refunds placed in a revolving capital fund rotated on a 7-year cycle. In 1980, assets in use totalled \$10.4 million.

Net Savings

Total savings of Randolph Service Co., since organization have been \$13.1 million, distributed as follows :

Dividends on capital stock	\$0.5	Surplus (retained earnings)	\$1.7
Patronage refunds—in cash	6.6	Income taxes	1.2
Patronage refunds—to revolving fund	3.1	Total	13.1

During its lifespan the cooperative has redeemed \$360,500 of capital stock and about \$596,000 of revolving fund equities.

Prices for Farm Supplies and Grain

For many years prior to 1977, Randolph County farmer patrons paid less for farm supplies than the statewide average by the following amounts : Gasoline, 8 cents a gallon; liquefied petroleum (LP) gas, 4 cents a gallon; diesel, 3 cents a gallon; phosphate and triple superphosphate, \$8 to \$10 a ton; rock phosphate, \$2 to \$3 a ton; potash, about the State average; and nitrogen, 20 percent. Thus the cooperative cut farmers' costs by about \$750,000 annually. Prices of gasoline and diesel fuel varied widely in 1977 and 1980.

Grain prices paid to members were about 6 percent higher than State averages, which amounted to about \$1.3 million a year during 1975-80.

Patronage Refunds

In addition, the cooperative has distributed over \$9.7 million of patronage refunds to member patrons since its organization. In the 1975-80 period, refunds on grain ranged from \$275,000 to \$385,000 a year, and on supplies from \$160,000 to \$525,000 a year.

Services from Regional Cooperatives

Randolph Service Co. uses GROWMARK, Inc., Bloomington, Ill. as its wholesale/manufacturing source of supplies and as its terminal grain marketing agency. The cooperative uses the St. Louis Bank for Cooperatives as its source of cooperative credit.

Leadership Development

Since 1931, 45 farmers have served on the cooperative's seven-member board. The training and experience they received have better equipped them to serve on boards and committees of many agricultural organizations—about a dozen both county and statewide. The manager has served on the board of the Sixth Farm Credit District and of the Central Bank for Cooperatives.

Contributions to Local Communities

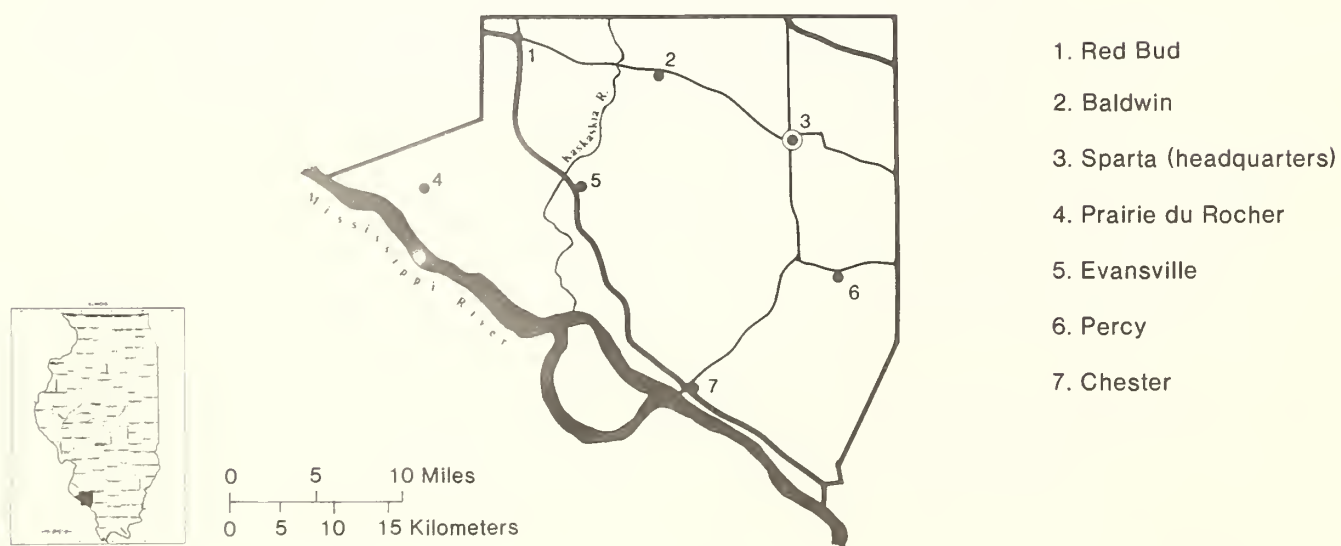
The cooperative employs about 100 people full-time with an annual payroll of \$1.2 million. It is also a major taxpayer in the county.

The cooperative's employees participate in many local activities, including church and school boards, civic clubs, trade associations, and county fairs. Classes from universities, community colleges, and high schools often focus on the cooperative, as do U.S. Government-sponsored foreign groups interested in agribusiness. It regularly cooperates with the Extension Service in demonstration plots and tours, and works with the county fair board, the 4-H, and the Future Farmers of America (FFA).



Retail petroleum and auto service center; Sparta, Ill.

Fig. 1 Location of Randolph Service Company Facilities



Randolph Service Company : Its Economic Impact

Walter J. Wills¹

Farmers sometimes question the benefits of cooperatives and why they should invest in them when they have other major capital needs. Also some legislators and officials of government agencies have need for more information on the role of cooperatives.

Members and others usually can see the tangible economic impacts on the returns from marketing products and the costs of purchasing farm supplies through cooperatives, but the intangible benefits are more difficult to measure. For example, what are the impacts of cooperatives on the daily market level of prices and the quality of supplies and services? What are the economic impacts on rural communities? And to what extent do cooperatives provide leadership to local institutions, and to State and national agricultural organizations?

Randolph Service Co., located in Southwestern Illinois, was one of several successful cooperatives selected for study of its economic and social impacts. Findings from this study may serve as a guide for others interested in making a similar evaluation of cooperatives.

The Trade Area Served

To understand the environment in which the Randolph Service Co. operates, one may find it helpful to know how the county has evolved over the past half century.

Characteristics and Changes

Now a rural Illinois area Randolph County once was home of the first capital of Illinois, at Kaskaskia. The county seat, Chester, is about 50 miles southeast of St. Louis (figure 1). The county has bottomland soils, some subject to overflow and some protected by levees. Although some of the upland soils have more loess than others, much of the upland has a tight subsoil.

Population of the county has been relatively stable at about 30,000. In 1930, 7 percent was over 65 years old and in 1970, 13 percent. In 1930, 25 percent of the population was classified as urban; in 1970, 39 percent. Rural nonfarm was 41 percent of the population in 1930 compared with 46 percent in 1970.

In 1930, coal production amounted to 443,195 tons, increasing by 1977 to 6.5 million tons. About 600 people now work in the mines. And surface mining has become a major source of area coal production. These mines have reduced the amount of land available for crops.

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Other major sources of nonfarm employment in the county are wholesaling and retailing with about 1,000 employees; manufacturing, 3,200; printing and publishing, 1,200; food products, 500; construction, 1,000; education, 550; government, 2,200; and hospitals and health services, 800.

In 1930, 25 percent of the farms reported gross sales under \$1,000 and 12 percent over \$2,500. In 1974, 12 percent of the farms reported gross sales under \$1,500 and 36 percent had over \$10,000.

Some of the significant changes in local agriculture from 1930 to 1974 as revealed by the agricultural census data are shown in appendix table 1. For example, the number of farms declined 41 percent, but their size increased 64 percent, and acres in crops increased 11 percent.

Wheat acreage (soft red winter) is largely determined by Government production controls. Soybean acreage has grown rapidly. In the thirties, county per acre yields of wheat and soybeans were in the 15-bushel range; by the seventies, yields were in the mid-30 bushel range. Per acre corn yields also doubled, from 35 to 37 bushels in the thirties to 75 to 80 bushels in the seventies.

Farmers increased off-farm sales of corn more rapidly than they increased corn production. But production itself changed dramatically moving from open pollinated seed in the early 1930's to hybrid corn by the late 1970's.

The number of dairy cattle declined; the number of beef cattle increased. Swine production increased and poultry production declined. Livestock operations have decreased in number, but they are larger and more specialized.

During this period horses and mules gave way to tractors. Gasoline was the energy source for the first tractors but diesel soon became the preferred fuel. In the 1930's homes cooked with wood, coal, and kerosene, lighted with kerosene, and heated with coal and wood. These energy sources have been replaced by electricity, oil, and LP gas.

Farmers used much more fertilizer by the end of the period. In the early days, rock phosphate was widely used, but later superphosphate came into the picture. Nitrogen use has significantly grown, first in mixed fertilizers and ammonium sulfate, and later as urea and anhydrous ammonia.

Mechanical weed control was the only method used in the earlier years but by 1974, 42 percent of the cropland used chemical weed control.

Farm Production Expenses and Income

The 1974 Census of Agriculture contained selected farm expenses in Randolph County totalling \$17.6 million (table 1). Cash expenditures of all types were estimated at \$25 million in 1978.

Farm income from marketing was \$3.1 million in 1975, \$38.7 million in 1976, and \$41.2 million in 1978 (table 2). About half this income was from soybeans and hogs.

Table 1—Farm production expenses, Randolph County, Ill., 1974 and 1978

Type	1974		1978
	Amount	Percent	Amount
	<i>One Thousand</i>		<i>One Thousand</i>
Livestock & poultry—for feeding	1,862	11	2,500
Feed for livestock & poultry	3,223	18	3,162
Commercially mixed formula ¹	1,937	11	1,680
Animal health costs	141	²	175
Seeds, bulbs, plants, trees	1,041	6	1,458
Fertilizer-commercial	2,023	12	2,843
Other chemicals & lime	676	4	1,266
Petroleum products	1,520	9	1,780
Electricity, coal, wood, coke	NA	NA	417
Hired farm labor	744	4	1,268
Contract labor	29	²	40
Custom work & machine hire	379	2	442
Subtotal	11,638	66	15,351
Other production expenses	5,947	34	NA
Total	17,585	100	NA

¹Included in total feed expenditures.

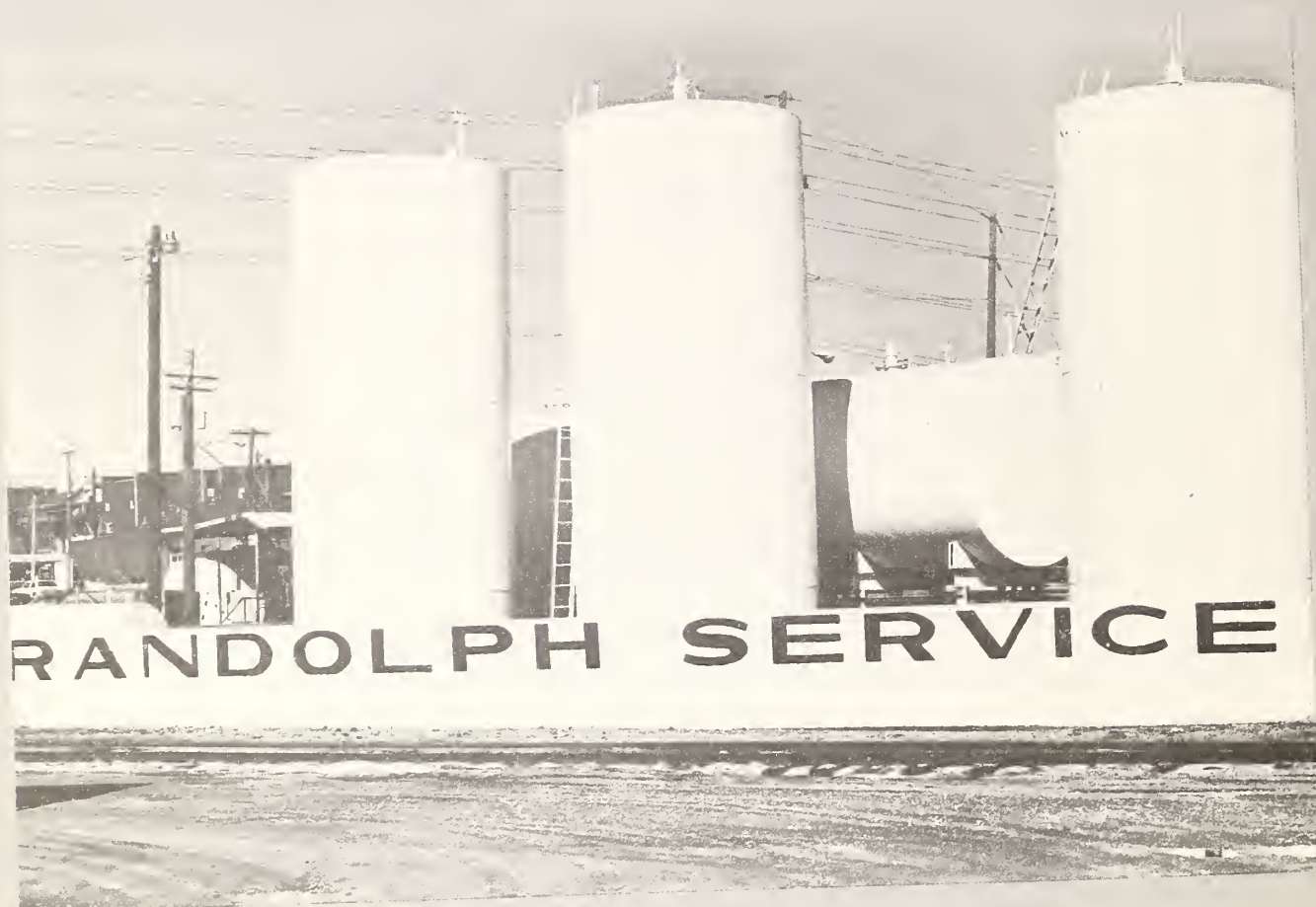
²Less than 1 percent.

Source: Agricultural Census 1974; Bureau of the Census, U.S. Department of Commerce, Washington, D.C.

Table 2—Income from agricultural marketings by source, Randolph County, Ill., 1975, 1976, and 1978

Product	1975	1976	1978
	<i>One Thousand</i>		
Corn	3,615	5,299	4,294
Soybeans	6,416	10,731	13,848
Wheat	5,171	3,723	2,485
Oats	24	22	8
Other crops	262	514	895
Total crops	15,488	20,289	21,530
Cattle & calves	4,466	5,484	6,991
Hogs	9,243	8,370	8,038
Dairy	3,475	4,101	4,261
Eggs	312	360	357
Other livestock	69	73	49
Total livestock	17,565	18,388	19,696
Total crops & livestock	33,053	38,677	41,226

Source: Cash Income from Farm Marketings. Illinois Cooperative Crop Reporting Service Bulletins 77-4 and 79-4.



Bulk petroleum facilities, Sparta, Ill.



Petroleum hauler loads alcohol from bulk tank facilities for use in gasohol mixture, Sparta, Ill.

Characteristics of the Cooperative

The cooperative has a long history of adapting services to member needs, growth, and successful cooperation. Only the principal ones are presented here.

Major Activities

Randolph Service Co. was organized as a petroleum cooperative in 1931. That year its gross sales were \$7,419. In 1980 gross sales reached about \$37 million. It was handling petroleum products, tires, paints, building materials, herbicides, feed, animal health products, seed, fertilizers, household appliances, and garden supplies as well as operating grain elevators. It provided fertilizer and herbicide application and spraying services, and off-farm grain storage; and offered a substantial amount of short-term credit to member customers on a convenience basis.

All members of the Randolph County Farm Bureau are also members of the Randolph Service Co. The company had 5,852 members in 1977 and 3,130 in 1980—about 80 percent of them produce agricultural products. The number varies from year to year depending on members buying home fuels. A producer is defined as either a farm operator or an owner of land used for agricultural purposes. About 80 percent of the company's business is with members. This company also does business with over 14,000 nonmembers, practically all of whom are nonproducers.

The cooperative has facilities located throughout the county: Farm stores at Chester and Sparta, a service station at Sparta, and elevator facilities at Evansville, Prairie du Rocher, Percy, Baldwin, and Red Bud (figure 1). It has a large amount of storage space for feed, seed, fertilizers, building materials, and petroleum products at Sparta.

Originally the firm handled only petroleum products, gasoline for tractors and the family car, and kerosene for household uses. Prior to World War II over half of the sales were from gasoline.

In the early 1940's a feed division was added. In 1945 the two divisions split the sales about half and half.

By 1950, a plant food division and a grain division had been added. That year the percent of gross dollar sales for each of the four divisions were: petroleum, 24; feed, 16; fertilizer, 11; and grain, 49. By 1980 these figures were petroleum, 17; feed 7; fertilizer, 7; and grain, 69 (table 3).

By 1980 gasoline had declined to about 38 percent of petroleum division sales. Diesel fuel had nearly as large a dollar volume as gasoline. LP gas represented 20 percent and household appliances over 3 percent of sales in this division. Farm chemicals also were handled through this division, accounting for 15 percent of its volume.

The feed division sells not only mixed feeds for poultry, swine, beef, and dairy, but also protein supplements, other feed additives, and animal health products. The division also sells field crop seeds and has recently added building materials.

In 1945, 31 percent of this division's sales were poultry feed; by 1980 this had declined to 2 percent. Dairy feed's share of sales had declined from 11 percent to 5 percent, but swine feed sales increased from 11 percent to 31 percent of the total. Beef feed sales were in the 2- to 5-percent range throughout the period. Total mixed feed sales declined from 53 percent to 37 percent of the division's total as ingredient sales increased during the period.

Table 3—Product mix of Randolph Service Co., for selected fiscal years ending November 30, 1945-80¹

Product	1945	1950	1955	1960	1965	1970
<i>Percent of sales</i>						
Petroleum Division	51	24	27	21	16	20
Gasoline	65	64	64	59	45	32
Other	35	36	36	41	55	68
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Feed Division	49	16	19	16	16	18
Poultry	31	32	25	16	10	6
Beef	—	—	2	2	3	5
Swine	11	21	18	23	20	24
Dairy	11	8	4	4	4	3
Other	47	39	51	55	63	62
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Fertilizer Division	0	11	7	10	11	7
Mixed		23	39	33	28	29
Phosphate		26	21	21	27	22
Potash		4	12	11	14	18
Nitrogen		6	18	19	31	26
Other		41	10	16	0	5
		<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Grain Division	0	49	47	53	57	55
Corn		42	34	32	27	33
Wheat		16	33	30	23	17
Soybeans		32	25	32	42	49
Other		10	8	6	8	1
Total	100	100	100	100	100	100
	1975	1976	1977	1978	1979	1980
<i>Percent of sales</i>						
Petroleum Division	15	13	14	12	14	17
Gasoline	32	29	27	26	31	38
Other	68	71	73	74	69	72
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Feed Division	9	8	9	8	8	7
Poultry	4	3	3	2	2	2
Beef	2	3	4	4	3	4
Swine	29	29	27	29	31	31
Dairy	5	5	3	3	5	5
Other	60	60	63	62	59	58
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Fertilizer Division	8	5	5	4	5	7
Mixed	17	17	19	16	14	12
Phosphate	14	14	14	16	18	15
Potash	12	17	17	21	22	21
Nitrogen	57	52	50	46	46	52
Other	0	0	0	1	0	0
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Grain Division	68	74	72	76	73	69
Corn	26	24	22	20	21	22
Wheat	27	18	16	17	19	25
Soybeans	46	54	58	60	59	53
Other	1	4	4	3	1	0
Total	100	100	100	100	100	100

¹In 1931, 1935, and 1940 gasoline was 48, 49, and 57 percent, respectively and other petroleum products constituted the remainder of total sales.



Overview of farm store and bulk petroleum facilities with direct rail feed, Sparta, Ill.



Overview of feed warehouse, Sparta, Ill.

In 1978 steel products represented a volume of \$566,381 or 23 percent of the division total. Much of this was for on-farm grain storage. Sales in 1979 were \$479,897, or 17 percent, and in 1980 they were \$400,681, or 15 percent of the total. Farm seeds represented 23 percent of the feed division's volume.

Fertilizer division sales-as a percent of gross sales declined from 11 percent in 1950 to 7 percent in 1980. Mixed fertilizer peaked at 39 percent of division sales in 1955; more recently, it has been less than one-sixth of the total. Phosphate sales have declined from 26 percent to 18 percent while potash sales increased from 4 percent to 22 percent, and nitrogen sales increased from 6 percent to 46 percent of the division total.

The grain division's share of gross sales increased from 49 percent in 1950 to 69 percent in 1980. In 1950, grain sales (in dollars) consisted of corn, 42 percent, soybeans, 32 percent, and wheat, 16 percent. In 1980, these percentages were corn, 22; soybeans, 53; and wheat, 25. The cooperative also handles small amounts of oats and grain sorghum.

In 1948 the grain division handled 310,229 bushels of grain—37 percent corn, 22 percent soybeans, and 41 percent wheat. In 1980 the volume had increased to about 5.5 bushels—36 percent corn, 34 percent soybeans, and 30 percent wheat (table 4).

Service income was minor in the early history of the cooperative (table 5). This was income from such services as crop spraying, tire repairing, feed grinding, storage for grain on warehouse receipts, and service charges for handling delayed-priced grain. The large increase in service income in the 1970's came primarily from these grain-related activities.

Corn is stored at monthly rates on warehouse receipts; wheat and soybeans are handled on back-to-back delayed pricing arrangements. With delayed-price grain the farmer delivers the grain and transfers title, but reserves the right to price it at some later date. The elevator, at the same time, transfers title of the grain to a processor with a provision to price later (the same date the farmer prices at the elevator). For this delayed-price grain, a service charge equivalent to a storage charge is made.

The major contributions to service income the last 3 years were:

	1978	1979	1980
Leasing and rental of equipment	\$ 45,556	\$ 40,608	\$ 54,547
Spreading chemicals and fertilizer	37,164	37,143	32,503
Grinding and mixing feed	68,734	67,929	61,954
Storage of grain	217,239	152,836	134,501
Other (painting, tire repairing, etc.)	137,725	112,967	130,318
Total	506,418	411,483	413,823

The cooperative handles a substantial share of the production supplies farmers in Randolph County buy and the products they sell. Estimates of the cooperative's share in 1979 were:

	Percent		Percent
Petroleum	60	Plant food	38
Feed	69	Corn and wheat	80
Farm chemicals	67	Soybeans	90

Employee helps customer
load bagged feed at
warehouse, Sparta, Ill.



Customer examines product
at farm store, Sparta, Ill.



Sales and Net Income

With the addition of a broader line of supplies in the late 1940's, the cooperative's sales exceeded \$2 million in 1950 and \$5 million in 1965. As a result of continued growth and inflation, sales increased to more than \$20 million in 1975 and to about \$37 million in 1980 (table 5).

Net income ranged between \$61,000 and \$190,000 a year from 1950 to 1970. Since then it has been between \$641,000 and \$896,000 per year—after deducting income taxes ranging from \$55,000 to \$115,000 a year (table 5).

In recent years, about 80 percent of net income has been distributed as patronage refunds—about 50 percent in cash and 50 percent transferred to the cooperative's revolving fund. Of about \$3.1 million placed in the revolving fund since organization in 1931, about \$600,000 has been redeemed to member patrons (tables 6 and 7).

Use of Regional Cooperatives

Randolph Service Co. is part of the "GROWMARK" system resulting from the merger of FS Services, Inc. and Illinois Grain Corp. on March 1, 1980. FS was a regional federated supply cooperative with 138 local cooperatives in Illinois, Iowa, and Wisconsin. GROWMARK is the source of most of the supplies (feed, seed, fertilizer, petroleum products, etc.) the cooperative handles. In addition, the regional cooperative has a comprehensive personnel training program for local cooperative directors and personnel and may provide management assistance when needed. The local cooperatives use a uniform accounting system with arrangements for centralized computerization of accounting information.

Illinois Grain Corp. was a regional cooperative marketing grain for member companies. Some are local FS organizations while many others are local elevator cooperatives. Besides its merchandising operations, the grain division of GROWMARK owns river houses and subterminal elevators, and leases rail cars for trainload movements of grain. It also offers personnel training programs as well as technical and management assistance to member cooperatives.

Table 4—Bushels of grain purchased by Randolph Service Co., for selected years ending November 30, 1948-80

Kind	1948	1950	1955	1960	1965	1970
<i>Bushels</i>						
Corn	115,438	334,939	363,471	660,199	688,249	879,166
Wheat	128,025	121,898	208,532	361,246	543,216	433,830
Soybeans	66,766	153,436	133,956	330,110	500,282	643,383
Total	310,229	610,273	705,959	1,351,555	1,731,747	1,956,379
	1975	1976	1977	1978	1979	1980
<i>Bushels</i>						
Corn	1,383,379	2,013,241	2,207,372	2,294,393	2,183,211	1,983,214
Wheat	1,269,564	1,294,271	1,450,546	1,363,936	1,236,043	1,617,471
Soybeans	1,310,666	1,985,082	1,888,288	2,278,799	2,145,541	1,885,645
Total	3,963,609	5,292,594	5,546,206	5,937,128	5,564,795	5,486,330

Table 5—Income and expense statements of Randolph Service Co., for selected years ending November 30, 1931-80

Item	1931	1935	1940	1945	1950	1955	1960	1965
<i>Dollars</i>								
Gross sales	7,419	93,202	160,512	472,297	2,269,136	2,436,621	3,828,082	5,101,160
Cost of sales	4,018	68,456	113,819	372,520	2,020,992	2,132,462	3,366,00	4,503,375
Gross margin	3,401	24,746	46,693	99,777	248,144	304,159	462,082	597,785
Operating expenses	2,721	18,321	30,289	58,273	174,738	256,335	381,082	542,808
Operating margin	680	6,425	16,404	41,504	73,406	47,824	81,000	54,977
Other income								
Patronage refund	297	2,152	6,926	16,596	33,292	30,756	54,169	84,893
Interest	38	0	170	64	0	691	9,419	1,803
Service	0	0	0	60	13,344	55,619	63,984	96,085
Total income	1,015	8,577	23,500	58,224	120,042	134,890	208,572	237,758
Other expenses								
Interest	19	95	55	42	1,184	5,643	3,575	23,345
Income tax	0	225	680	1,933	9,229	17,682	14,625	42,328
Net income	996	8,257	22,765	56,249	109,629	111,565	190,372	172,085
Item	1970	1975	1976	1977	1978	1979	1980	
<i>Dollars</i>								
Gross sales	6,493,451	20,774,642	28,060,029	27,738,890	32,316,618	35,251,032	36,892,153	
Cost of sales	5,642,418	18,817,339	25,879,364	25,594,878	30,097,541	32,767,208	34,364,798	
Gross margin	851,033	1,957,303	2,180,665	2,144,012	2,219,077	2,483,824	2,527,355	
Operating expenses	910,300	1,562,272	1,852,832	2,002,601	2,086,393	2,264,782	2,540,092	
Operating margin	-59,267	395,031	327,833	141,411	132,684	219,042	-12,737	
Other income								
Patronage refund	87,818	268,062	235,258	91,812	67,603	154,337	287,055	
Interest	652	59,918	61,213	69,548	71,941	98,449	16,694	
Service	142,071	348,664	426,873	532,333	506,418	411,483	514,336	
Miscellaneous	0	0	0	0	30,385	36,841	36,792	
Total income	171,274	1,071,675	1,051,177	835,104	809,031	920,152	842,140	
Other expenses								
Interest	105,418	98,545	75,158	70,746	91,326	100,207	125,895	
Income tax	5,185	76,967	114,856	55,528	61,336	53,382	75,088	
Net income	60,671	896,163	861,163	708,830	656,369	766,563	641,157	

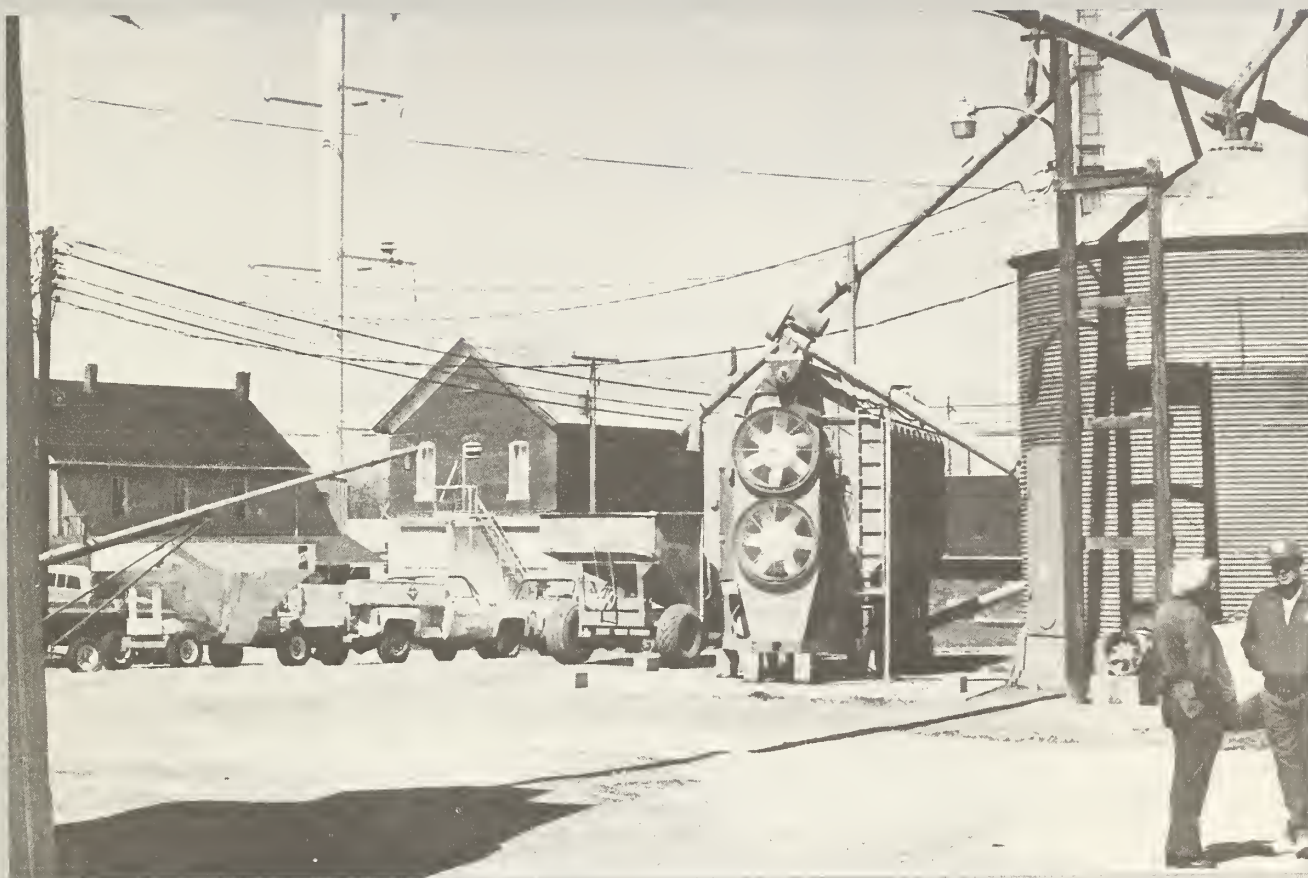
Table 6—Distribution of net income, after taxes, and changes in retained net income (surplus) of Randolph Service Co., for fiscal years ending November 30, 1975-80

Item	1975	1976	1977	1978	1979	1980
<i>Dollars</i>						
Retained net income (surplus) beginning of year	924,078	1,030,458	1,178,967	1,272,987	1,374,628	1,538,619
Net income ¹	925,254	892,209	741,179	656,368	766,563	641,157
Less patronage refunds cash	397,990	368,102	321,044	273,439	268,483	237,949
Revolving fund	410,612	365,903	316,601	272,138	325,846	238,581
Total	808,602	734,005	637,645	545,577	594,329	476,530
Less dividend on preferred stock	10,272	9,695	9,514	9,150	8,243	7,047
Plus remainder to retained net income (surplus)	106,380	148,509	94,020	101,641	163,991	157,580
Retained net income (surplus) end of year	1,030,458	1,178,967	1,272,987	1,374,628	1,538,619	1,696,199

¹Before final adjustments in 1975-77.



View of elevator facility, Percy, Ill.



Elevator facility, Percy, Ill. In right foreground: Walter Wills and elevator manager. Dr. Wills is with Southern Illinois University at Carbondale School of Agriculture.

Table 7—Total net income and its distribution since organization of Randolph Service Co., 1931-80

Distribution	Amount
	<i>Dollars</i>
Dividends on capital stock—in cash	515,363
Patronage refunds	
Cash	6,607,880
Non-cash—to revolving fund	3,095,052
Surplus or general reserve	1,696,199
Income taxes	1,197,390
Total	13,111,884

Randolph Service Co., borrows mostly from the St. Louis Bank for Cooperatives—a part of the Farm Credit System that loans money to agricultural cooperatives in Illinois, Missouri, and Arkansas. This bank also provides a certain amount of personnel training for member cooperatives.

Total investment in these major regional cooperatives has increased from \$1,500 in 1931 to over \$1.1 million in 1980. Most of this is in allocated equities from net margins.

Patronage refunds from these cooperatives in the last 6 years have ranged from \$67,603 in 1978 to \$286,055 in 1980—or from 10 to 45 percent of Randolph Service Co.'s total net income (table 5).

Capitalization

The cooperative had total assets of only \$14,792 on November 30, 1931. At the close of the 1980 fiscal year assets totaled \$10.4 million (table 8). The original cooperative was largely capitalized with stock (\$12,275), and only limited debt capital was used (\$2,017). In 1980, the \$4.3 million member investment included stock of \$139,350, revolving fund of \$2.5 million, and surplus (retained net income) of \$1.7 million. Current liabilities of \$5.7 million and long-term debt of \$370,000 completed the remaining sources of finances.

The composition of the financial statement has changed with the firm's operation and with the economy (tables 8 and 9).

The total assets of the firm have grown rapidly. Although until after World War II the cooperative had relatively few fixed assets, by the end of fiscal 1980 (November 30) they represented about one-sixth of total assets. In the early years debts were low, both in total and in relation to total assets. Net worth was relatively high, largely in member stock. At times cash in the bank has been relatively high, and in recent years, net accounts receivable have been relatively large. A major factor contributing to this has been delayed pricing of grain. Until the farmer is paid for the grain he cannot pay for seed, fertilizer, petroleum, etc. So grain sold on a delayed price basis results in accounts receivable being higher than would otherwise be the case.

Three factors have contributed to increased investment in inventory: (1) Inflation. (2) potential shortages necessitating more storage of commodities when available, and (3) increased volume of grains, especially delayed price grain.

Table 8—Condensed financial statements of Randolph Service Co., for selected years ending November 30, 1931-80

Item	1931	1935	1940	1945	1950	1955	1960	1965
<i>Dollars</i>								
Assets								
Cash	2,940	13,259	29,496	57,799	56,123	78,847	88,216	500,150
Inventory	2,742	7,614	13,058	26,583	112,254	197,957	340,100	314,331
Accounts receivable (net)	1,265	5,092	6,831	24,638	30,222	87,214	132,508	285,935
Other	40	0	0	8,223	46,473	0	0	10,860
Total current assets	6,987	25,965	49,385	117,243	245,072	364,018	560,824	1,111,276
Investments	1,500	1,661	3,533	15,351	141,185	162,392	230,766	302,194
Other assets	1,545	1,173	764	1,170	4,367	5,202	6,443	356,043
Fixed assets (net)	4,760	10,796	18,838	20,042	148,407	271,209	350,039	577,197
Total assets	14,792	39,595	72,520	153,806	539,031	802,821	1,148,072	2,346,710
Liabilities & net worth								
Short-term debt & other liabilities	2,037	13,935	28,895	76,083	181,360	208,064	275,091	945,350
Long-term debt & other liabilities	0	2,400	0	0	0	133,781	302,125	577,868
Total liabilities	2,037	16,335	28,895	76,083	181,360	341,845	577,216	1,523,218
Capital stock	12,275	12,400	20,300	30,875	250,875	310,125	371,650	451,850
Revolving fund	0	0	0	0	0	0	0	0
Surplus	480	10,860	23,325	46,848	106,796	150,851	199,206	371,642
Total net worth	12,775	23,260	43,625	77,723	357,671	460,976	570,856	823,492
Total liabilities and net worth	14,792	39,595	72,520	153,806	539,031	802,821	1,148,072	2,346,710
Item	1970	1975	1976	1977	1978	1979	1980	
<i>Dollars</i>								
Assets								
Cash	273,530	899,538	1,309,297	325,880	770,301	368,970	415,890	
Inventory	983,020	1,117,736	1,110,381	2,172,742	2,492,250	3,607,110	4,649,835	
Accounts receivable (net)	454,757	1,412,422	1,935,869	3,423,551	3,042,172	3,084,693	2,483,224	
Other	23,104	41,727	34,811	55,107	54,536	354,745	40,320	
Total current assets	1,734,411	3,471,423	4,390,358	5,977,280	6,359,259	7,415,518	7,589,269	
Investments	391,098	713,656	837,518	857,069	854,485	954,047	1,130,080	
Other assets	9,702	0	8,425	0	0	0	10	
Fixed assets (net)	1,152,323	1,297,882	1,335,241	1,600,262	1,456,128	1,642,366	1,667,568	
Total assets	3,287,534	5,482,961	6,571,542	8,434,611	8,669,872	10,011,931	10,386,927	
Liabilities & net worth								
Short-term debt & other liabilities	1,525,678	2,478,440	3,088,533	4,592,010	4,553,180	5,751,743	5,683,079	
Long-term debt & other liabilities	983,989	748,573	716,565	681,671	598,018	282,678	369,908	
Total liabilities	2,509,667	3,227,013	3,805,098	5,273,681	5,151,198	6,034,421	6,052,987	
Capital stock	263,475	200,300	200,300	188,275	181,025	163,200	139,350	
Revolving fund	0	1,025,190	1,387,177	1,699,668	1,963,021	2,275,691	2,498,391	
Surplus	514,392	1,030,458	1,178,967	1,272,987	1,374,628	1,538,619	1,696,199	
Total net worth	777,867	2,255,948	2,766,444	3,160,930	3,518,674	3,977,510	4,333,940	
Total liabilities and net worth	3,287,534	5,482,961	6,571,542	8,434,611	8,669,872	10,011,931	10,386,927	

Table 9—Condensed financial statements of Randolph Service Co., for selected years ending November 30, 1931-80

Item	1931	1935	1940	1945	1950	1955	1960	1965
<i>Percent</i>								
Assets								
Cash	20	33	41	38	10	10	8	21
Inventory	18	17	18	17	21	23	30	13
Accounts receivables (net)	9	15	9	16	6	11	11	12
Other	<u>0</u>	<u>1</u>	<u>0</u>	<u>5</u>	<u>8</u>	<u>1</u>	<u>0</u>	<u>1</u>
Total current assets	47	66	68	76	45	45	49	47
Investments	10	4	5	10	26	20	20	13
Fixed assets (net)	32	27	26	13	28	34	31	25
Other	<u>11</u>	<u>3</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>6</u>
Total assets	100	100	100	100	100	100	100	100
Liabilities and net worth								
Short-term liabilities	14	36	40	49	33	26	24	40
Long-term debt	<u>0</u>	<u>6</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>17</u>	<u>26</u>	<u>25</u>
Total liabilities	14	42	40	49	33	43	50	65
Capital stock	83	31	28	20	47	39	32	18
Revolving fund	0	0	0	0	0	0	0	0
Surplus	<u>3</u>	<u>27</u>	<u>32</u>	<u>31</u>	<u>20</u>	<u>18</u>	<u>18</u>	<u>17</u>
Net worth	86	58	60	51	67	57	50	35
Total liabilities and net worth	100	100	100	100	100	100	100	100
Item	1970	1975	1976	1977	1978	1979	1980	
<i>Percent</i>								
Assets								
Cash	8	16	20	4	9	4	4	
Inventory	30	20	17	26	29	36	45	
Accounts receivables (net)	14	26	29	41	35	31	24	
Other	<u>1</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>3</u>	<u>0</u>	
Total current assets	53	63	67	71	73	74	73	
Investments	12	13	13	10	10	10	11	
Fixed assets (net)	35	24	20	19	17	16	16	
Other	<u>1</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>3</u>	<u>0</u>	
Total assets	100	100	100	100	100	100	100	
Liabilities and net worth								
Short-term liabilities	46	45	47	55	52	57	55	
Long-term debt	<u>30</u>	<u>14</u>	<u>11</u>	<u>8</u>	<u>7</u>	<u>3</u>	<u>3</u>	
Total liabilities	76	59	58	63	59	60	58	
Capital stock	8	4	3	2	2	2	1	
Revolving fund	0	19	21	20	23	23	24	
Surplus	16	18	18	15	16	15	17	
Net worth	<u>24</u>	<u>41</u>	<u>42</u>	<u>37</u>	<u>41</u>	<u>40</u>	<u>42</u>	
Total liabilities and net worth	100	100	100	100	100	100	100	

The cooperative has effectively used borrowed capital, although there was a time in the late 1960's when capital requirements were expanding very rapidly and member investment was not increasing fast enough to meet these needs. For example, from 1965 to 1970 debts increased from \$1.5 million to \$2.5 million and net worth decreased slightly from \$823,000 to \$778,000. With favorable net margins in the seventies, member equity (capital stock, revolving fund and surplus accounts) increased to \$4.3 million, but current and term liabilities also continued to increase—to about \$6.1 million.

Twice this firm has needed large amounts of capital—after World War II when it opened its first elevator, and in the early 1970's. In the late 1940's these capital requirements were met largely by selling additional stock and by adding earnings to surplus. In the 1970's member equity was increased by transferring earnings to the surplus account and increasing the revolving fund. For example, from 1970 to 1975 surplus increased from \$514,400 to \$1 million and in the following 5 years to \$1.7 million. In 1975, the revolving fund was about \$1 million; by 1980 it was \$2.5 million.

The revolving fund has been on a 7-year cycle. Starting in 1972, a quarter million dollars or more was added to this fund each year. Within the next couple of years the method of capitalizing the cooperative will need to be further evaluated. The distribution of net income for the 1975-80 period is shown in tables 6 and 7.

Since organization, the cooperative has redeemed \$360,650 of the \$500,000 of capital stock it had sold, leaving \$139,350 outstanding in 1980 (table 10). It has redeemed \$596,000 of the \$3.1 million placed in a revolving fund, leaving \$2.5 million outstanding. The net income transferred to retained earnings or surplus totaled \$1.7 million. Therefore, the outstanding amount of these three accounts provided a net worth of \$4.3 million at the end of the cooperative's 1980 fiscal year.

Seasonal Nature of Capital Needs

Inventories vary considerably by seasons. In 1980 the petroleum division inventory ranged from \$678,000 in July to \$882,000 in February (appendix table 2). Feed division inventory ranged from \$463,000 in July to \$639,000 in February. Plant food inventory ranged from \$228,000 in May to \$505,000 in December. Elevator inventory ranged from \$642,000 in May to \$2.6 million in December. Total inventory investment thus varied from about \$2.3 million in May to \$4.2 million in December.

Other current assets were minor except in December 1978 when the cooperative had a major cash investment in certificates of indebtedness. These funds were to be used shortly to pay on outstanding debts.

The cash account is the book balance, not the bank balance. For example, the December 1978 bank balance reflected \$649,468 with drafts outstanding of \$450,107. Another example of this situation was September 1978 with a cash book balance of \$190,780, a bank balance of \$1,276,536, and drafts outstanding of \$1,086,546.

Trade accounts payable in 1980 ranged from \$353,000 in July to \$1 million in December. Grain accounts payable ranged from about \$1.2 million in May and July to \$2.6 million in February. Other current liabilities ranged from \$119,000 in December to \$2.0 million in July. Total current liabilities thus ranged from \$2.4 million to \$4.8 million in December.



Market information request by farmer handled by full-time grain manager.



Employee repairs tractor tire inner-tube at mobile, on-farm tire service truck.

Figure 2 indicates the relationship of current receivables and inventories to accounts payable and other current liabilities.

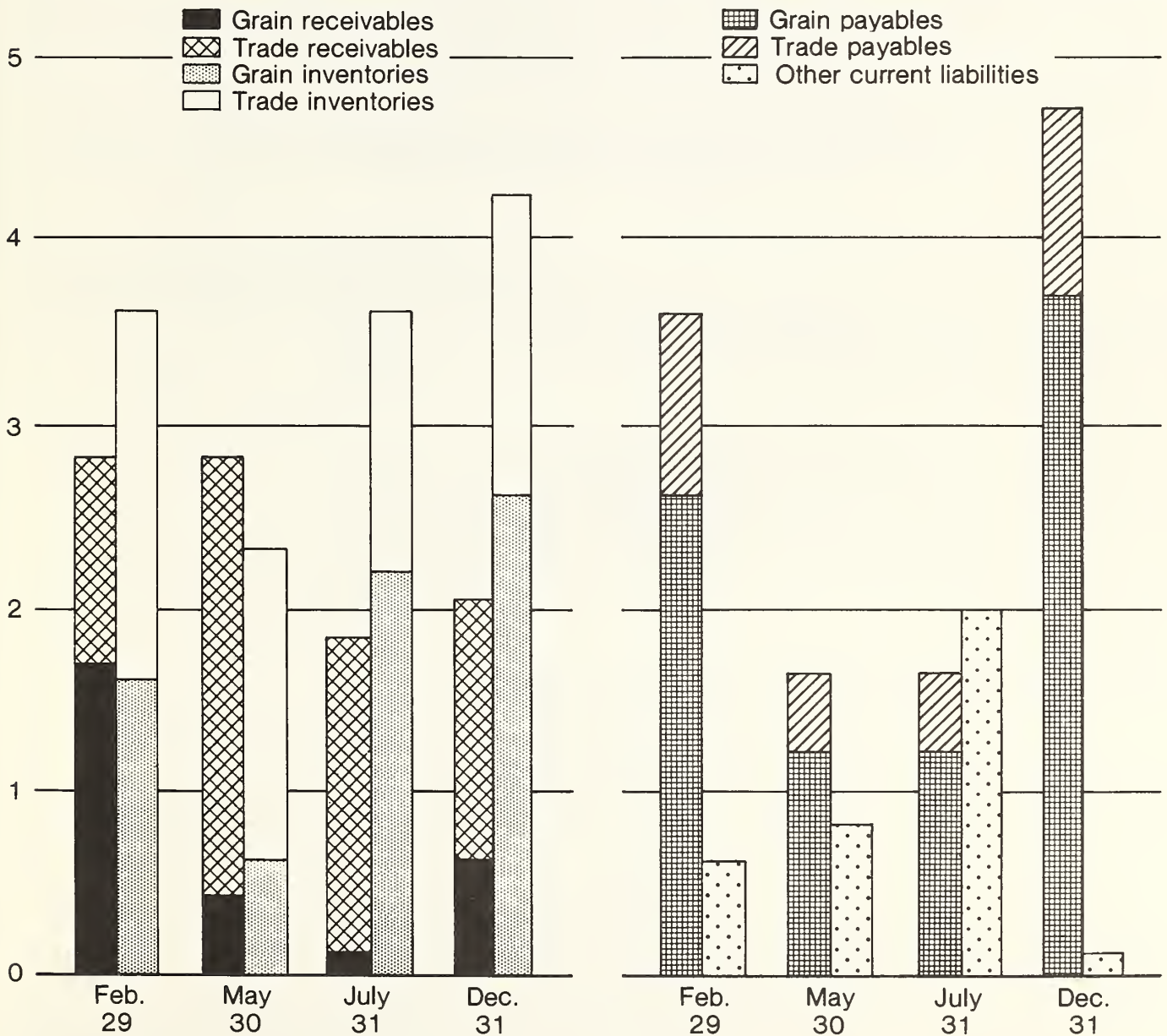
The nature of the financial management problem is reflected by these ranges in needs: From October 31 to November 30, 1977, total assets increased by 37 percent; from August 31 to September 30, 1978, they increased 29 percent; and from May 30 to December 31 in 1979 and 1980, they increased 38 percent each year. These changes were almost entirely reflected both in current assets and current liabilities.

Table 10—Changes in net worth since organization of Randolph Service Co., 1931-80

Item	Total amount	Balance at end of 1980
<i>Dollars</i>		
Sale of capital stock	500,000	
Less stock of this type redeemed	-360,650	139,350
Refunds placed in revolving fund	3,095,052	
Less redemption of revolving fund	-596,661	2,498,391
Net income transferred to surplus		1,696,199
Total net worth		4,333,940

Figure 2. Seasonal Variation in Selected Current Assets and Current Liabilities, 1980

\$ Millions



Contributions to the Randolph County Economy

There are many ways to evaluate cooperative performance:

1. Extent to which it adjusts services to meet the changing needs of members
2. Savings returned to members as patronage refunds
3. Prices to members
4. Employment opportunities
5. Leadership development
6. Community services provided.

This cooperative always has been concerned with services to its member patrons. Discussions both with farmers doing business with the company and those doing business with competitors suggest that service has been heavily emphasized.

An analysis of cost account data, however, suggests some activities should be carefully studied to assure that services offered can be justified either on the basis of overall contribution to farm income or overall customer satisfaction.

Patronage Refunds

The cooperative has returned over \$9.7 million to members in patronage refunds since its beginning. From 1975 to 1980, patronage refunds amounted to \$3.8 million. The 1978 and 1980 patronage refund schedules were:

Product	1978	1980
	<i>Percent</i>	
Petroleum products	3	1.5
LP and appliances	1	1.5
Feed, seed	3	0.8
Plant food	8	7.56
	<i>Cents per bushel</i>	
Grain	6.5	5.0

The amount of patronage refunds has varied with changing conditions and increasing volume of business. For example, from 1931 to 1969, patronage refunds totaled \$4.3 million. In the 11 following years patronage refunds totaled \$5.4 million.

In addition, members have received over a half million dollars as dividends on their cooperative investment and over a half million dollars as interest on notes and bonds since formation of the cooperative.

The distribution of net income since its organization is shown in table 7.

Prices for Farm Inputs

In the 1960's, farmers paid the cooperative about 8 cents per gallon less for gasoline than the price paid by all Illinois farmers; from 1977-79 it was about 18 cents per gallon less. In 1980, Randolph Service's regional cooperative supplier opted to pay premium prices to assure a supply of gasoline and diesel fuel. This resulted in prices to member cooperatives

of 1 to 3 cents a gallon above the State average. In the 1950's, diesel fuel prices were about 3 cents less per gallon but in 1977 the price was about 7 cents per gallon less. In the 1960's, LP gas prices were fractionally under the State average but from 1976 to 1979 they were about 4 cents a gallon less.

Rock phosphate prices from 1950 to 1979 were \$2 to \$3 per ton less. Superphosphate and triple phosphate prices were \$8 to \$10 per ton less. Potash prices were about the State average, but nitrogen prices were generally about 20 percent less than the State average.

These data suggest that better prices for inputs in recent years have increased net income to farmers in the county by about \$750,000 annually.

In recent years, patronage refunds on supplies have ranged from 2.1 to 7.9 percent and averaged 3.6 percent of sales. Therefore, the cooperative provided additional savings of \$160,000 to \$525,000 to member patrons during the 1978-80 period.

Grain Prices

Many factors were involved in determining impacts on grain prices. The average annual price for the county and for the cooperative would be heavily weighted by the cooperative, especially in recent years when it has dominated the market. But grain prices vary seasonally, so if farmer marketings seasonally are not comparable, then price comparisons would not accurately measure impact on price.

An analysis of county prices within the district (as reported by the Illinois Cooperative Crop Reporting Service) revealed four different price patterns with two to four counties in each group. These patterns indicated that transportation costs and availability are major factors in determining where grain is shipped. Thus some counties have access to better markets than do other counties. Also, in some counties farmers market more of their grain at harvest when prices are generally lower.

After adjusting for these factors and analyzing grain pricing practices, it was estimated that prices paid members for grain had improved about 6 percent, resulting in an added annual contribution of about \$1.3 million to county farm income during the 1975-80 period.

This cooperative usually buys grain on a 10 cent per bushel margin. In recent years the patronage refund has been 6 1/2 to 7 cents per bushel, or from \$275,000 to \$385,000 a year additional benefits to member patrons.

Services Adjusted to Member Needs

This cooperative, as mentioned, began by supplying gasoline and kerosene to farmers. It soon added tires and paint, and then, in 1941, a feed division to provide mixed feeds and feed ingredients. The next step was custom grinding and mixing facilities, then bulk grain delivery.

As diesel tractors came in the picture the volume of diesel fuel increased. LP gas was added for farm heating and for grain drying. Also the cooperative offered herbicides and custom spray services as farmers began to use them.



Employee takes 5 gallon paint can from stack in warehouse, Sparta, Ill.

In 1946 a plant food division was added. It originally handled mixed fertilizers, rock phosphate, potash, and ammonium nitrate. Later super and triple phosphate largely replaced rock phosphate. Still later the cooperative began to offer nitrogen in aqueous and gaseous forms and as urea, and to mix bulk fertilizer to the farmer's specifications. Fertilizer wagons and tanks were made available for custom use.

In 1948 the grain division was established. The elevators purchased grain at delivery, stored grain under warehouse receipts, and provided a grain drying service. With the change in the Illinois Grain Dealers Act the elevator division added a delayed price service for wheat and soybeans for those wanting to market in this manner.

In the 1950's the cooperative believed that an egg marketing system would meet member needs. After a few years, many small flocks discontinued so this service was dropped. This indicates the firm's responsiveness to member's perceived needs, both in initiating a service and in discontinuing one that no longer meets a need.

The cooperative provides a seed cleaning service. This is especially important for the area wheat producers who need a dependable source of quality seeds.

Surface mines expanded operations. The land reclamation laws required reseeding these lands after mining. The cooperative developed this market for seed, fertilizer, and other inputs required for reclaiming these lands.

As agricultural technology changed, buildings had to adapt to livestock, machinery storage, and grain storage. The cooperative has provided these farm buildings and equipment such as feeders, water systems, and dryers. Also, the cooperative stocks animal health products for livestock procedures.

The cooperative has always served nonmembers as well as members. Over the years a number of urban residents converted their heating systems from coal to oil. Many school districts and rural churches needed a dependable source of fuel. The cooperative adjusted its operation to serve these markets.

These examples illustrate ways the cooperative has met the needs of a dynamic agricultural community consisting of farmers and nonfarmers. The management (manager, staff, and the board) recognized its duty to be aware of member needs, both current and future. As the economic and legal environment changed, so did the cooperative's scope and method of operation. But meeting these obligations to members also meant obtaining member capital as well as debt capital to provide a mix that would enable the cooperative to function effectively.

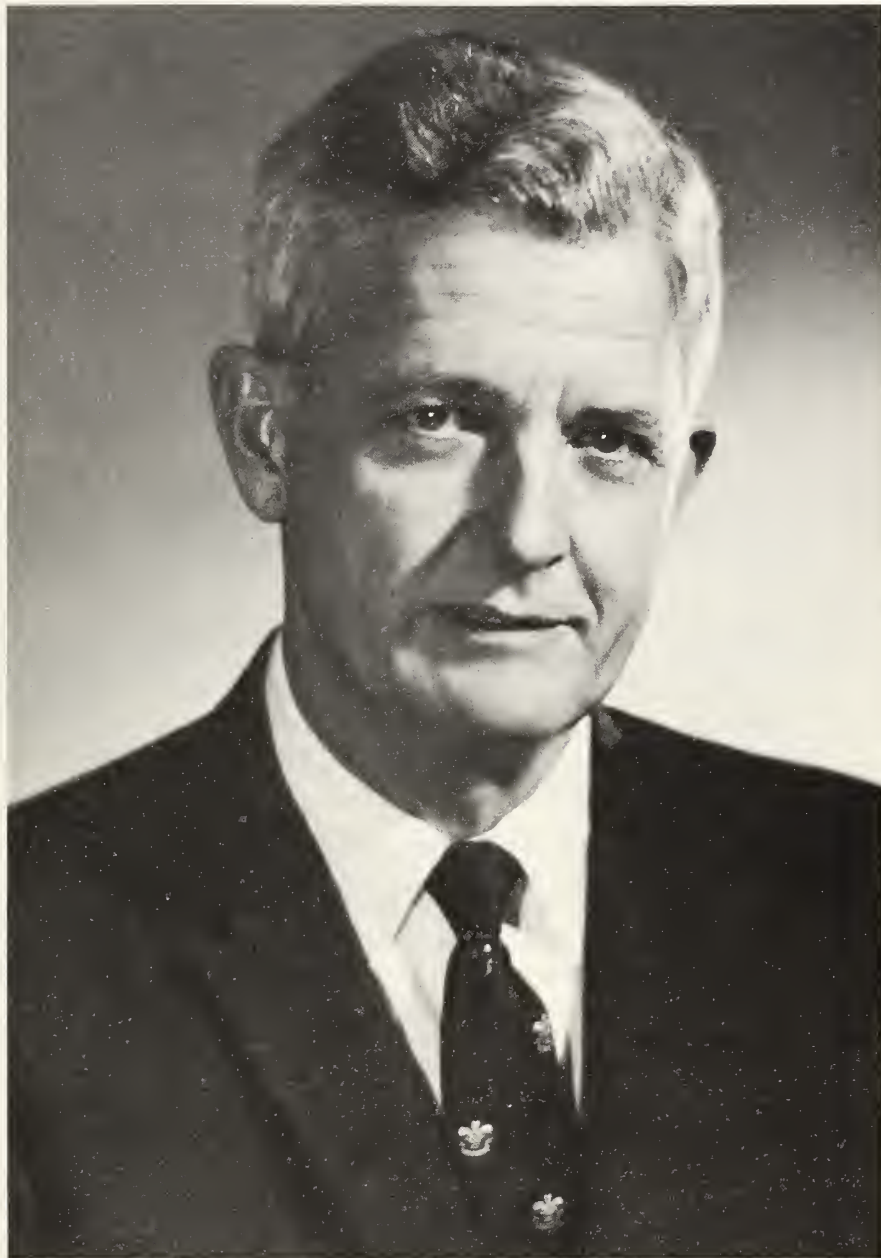
Leadership Development

From 1931 to 1979 this cooperative, with a seven-person board of directors, has had 45 different people as directors. The average length on the board was 7.7 years. Ten people have served 3 years or less, 12 served 4 to 6 years, 9 served 7 to 9 years, 11 served 10 to 15 years, and 3 over 15 years.

These directors actively participate in many agriculturally related activities indicating their leadership role in county agriculture, and suggesting why other farmers and farm leaders selected these individuals to represent them.



Board of Directors, 1981 (Randolph Service Co.)



Hilmer Albright, General Manager, 1941- 79 (Randolph Service Co.)

Board members also serve on boards and committees of the local Production Credit Association, the Federal Land Bank Association, Agricultural Stabilization and Conservation Service, Soil Conservation District, Farmers Home Administration, Randolph County Farm Bureau, Illinois Producers Livestock Association, Dairy Herd Improvement Association, Illinois Corn Growers Association, Rural Electric Cooperative, and County Agricultural Extension Service.

These types of experiences, along with the related training programs, are essential to develop a strong local agricultural leadership.

Personnel Development

The cooperative's manager has been a director and chairman of the board of the sixth Farm Credit District and a member of the board of directors of the Central Bank for Cooperatives. He was also a director of a local bank.

Employees have been encouraged to participate in local activities such as school and church boards, civic and veterans organizations, volunteer fire departments, trade associations and commodity groups, 4-H clubs, FFA's, county fairs, and PTA's.

These employees also have participated in many training sessions sponsored by the cooperative, the St. Louis Bank for Cooperatives, FS Services, Inc., Illinois Grain Corp., and trade associations. These programs are designed to strengthen the cooperative and to motivate employees to assume more responsibility. Many have advanced within the cooperative; others have accepted positions with other cooperatives, or with other agricultural-related businesses.

Contributions to Local Economy and Communities

The cooperative employs about 100 people full-time in the county. This payroll contributes over \$1.2 million a year to the economy. The cooperative has another \$1 million in operating expenses of which a major portion is spent locally for supplies, utilities, repairs, etc.

A major taxpayer in the county, in 1979 the cooperative paid the following taxes:

Property	\$18,318
Payroll	99,270
Federal Income	42,365
State Income	11,017

But more than money is involved in this cooperative's relationship with its community. Many U.S. Government-sponsored programs for foreign agribusiness leaders include this firm as one to visit when they want to see how local agribusiness meets the needs and responsibilities of farmers and other patrons.

Frequently, college classes, high school classes, and adult education programs use the cooperative's facilities and personnel to strengthen their formal classroom teaching. Company personnel participate in classroom discussions with adult and high school students, and in community college and senior university programs. Many students at all levels take field trips to the cooperative. The cooperative also has provided work experience stations for work study programs in the county high schools and the local community college.

Factors Contributing to Success

This cooperative regularly cooperates with the Agricultural Extension Service in demonstration plots and tours to see results of accepted livestock husbandry and crop cultural practices. It works closely with the county fair board. It contributes personnel time and other support to county 4-H and FFA activities.

Randolph Service Co. has succeeded largely because of the leadership and wise judgment of its boards of directors and management.

Working as a team, their primary objective has been to meet member's needs. They added branch facilities in six communities, provided grain marketing services, and broadened the line of supplies and related services as farmers began purchasing a wider variety of inputs. At the same time they trained employees in handling commodities and in expanding services to farmers.

Operations have been conducted with adequate gross margins and reasonable expenses so that substantial net savings have been realized. Members agreed to provide equity capital in relation to use, and at the same time board policy has returned cash back to them amounting to 61 percent of total net savings since organization.

Among factors contributing to the success of this cooperative has been its use and support of regional cooperatives—those that purchase and manufacture farm supplies, market grain, and provide credit.

Still another plus has been the cooperative's ability to adjust to changing agricultural and economic conditions, to continually obtain new members, to serve nonfarm patrons, and to help improve the welfare of members and rural communities.

Finally, essential to its success has been members' willingness to support the cooperative with their patronage and capital in adverse as well as in favorable times.

Appendix Table 1—Selected agricultural characteristics of Randolph County, Ill., selected years, 1930-74¹

Item	Unit	1930	1950	1959	1969	1974
Farms	No.	2,199.0	1,902.0	1,654.0	1,388.0	1,301.0
Size of farms	Acres	137.0	166.0	191.0	202.0	224.0
Tractors	No.	425.0	2,084.0	2,894.0	2,948.0	2,884.0
Horses	No.	2,045.0	3,250.0	777.0	746.0	371.0
Sows, farrow	No.	NA	8,500.0	10,700.0	8,500.0	11,200.0
				1,000		
Crops	Acres	196.7	219.1	171.6	226.2	217.4
Pasture	Acres	59.3	63.7	59.9	69.3	72.9
Corn	Acres	36.7	57.9	66.5	50.2	48.1
Corn sales	Bu.	NA	741.1	1,361.8	NA	2,525.4
Wheat	Acres	34.7	50.5	32.7	29.6	49.7
Wheat sales	Bu.	NA	846.0	783.2	NA	1,358.5
Soybeans	Acres	1.6	15.9	39.0	45.1	51.2
Soybean sales	Bu.	NA	815.6	1,775.6	2,885.0	1,148.8
Fertilizer expense	Dol.	58.7	NA	363.6	841.0	1,990.0
Dairy cattle	No.	9.7	11.3	9.0	6.3	4.7
Beef cattle	No.	8.2	13.8	23.6	24.6	29.5
Cattle sales	Dol.	NA	2,213.0	3,866.0	3,417.0	4,604.0
Milk sales	Lbs.	NA	54,500.0	56,300.0	54,500.0	42,900.0
Hog sales	Dol.	NA	2,232.0	2,211.0	3,395.0	7,886.0
Egg sales	No.	NA	36,040.0	36,630.0	20,752.0	8,700.0

¹Latest data available.

Source: Agricultural Census Reports, U.S. Census Bureau, U.S. Department of Commerce, Washington, D.C.

Appendix Table 2—Financial statements of Randolph Service Co., for selected months, 1977-80

Item	February 28 or 29			
	1977	1978	1979	1980
Assets	<i>Dollars</i>			
Cash	-761,830	-389,697	-388,212	-258,400
Net trade receivables	792,641	753,545	988,258	1,128,078
Grain receivables	721,670	1,123,903	831,856	1,706,609
Other receivables	-0-	-0-	60,000	-0-
Total receivables	<u>1,514,311</u>	<u>1,877,448</u>	<u>1,880,114</u>	<u>2,834,687</u>
Inventory				
Petroleum Division	601,500	522,182	581,602	881,615
Feed Division	493,523	470,783	538,187	638,989
Plant Food Division	241,687	376,631	361,693	505,133
Elevator Division	<u>841,667</u>	<u>297,373</u>	<u>1,520,319</u>	<u>1,612,401</u>
Total inventory	<u>2,178,377</u>	<u>1,666,969</u>	<u>3,001,801</u>	<u>3,638,138</u>
Other current assets	<u>1,195,488</u>	<u>84,416</u>	<u>426,388</u>	<u>708</u>
Total current assets	<u>4,126,346</u>	<u>3,239,136</u>	<u>4,920,091</u>	<u>6,215,133</u>
Investments	832,042	818,945	854,626	954,537
Net fixed assets	<u>131,005</u>	<u>1,573,678</u>	<u>1,434,935</u>	<u>1,592,932</u>
Total assets	<u>5,089,393</u>	<u>5,631,759</u>	<u>7,209,652</u>	<u>8,762,602</u>
Liabilities & net worth				
Trade accounts payable	260,750	341,626	407,841	998,809
Grain accounts payable	579,646	1,006,102	1,846,350	2,594,270
Other current liabilities	<u>631,245</u>	<u>372,848</u>	<u>873,710</u>	<u>650,291</u>
Total current liabilities	<u>1,471,641</u>	<u>1,720,576</u>	<u>3,127,901</u>	<u>4,243,370</u>
Long-term debts	722,383	680,287	632,837	510,620
Net worth	<u>2,895,369</u>	<u>3,230,896</u>	<u>3,448,914</u>	<u>4,008,612</u>
Total liabilities and net worth	<u>5,089,393</u>	<u>5,631,759</u>	<u>7,209,652</u>	<u>8,762,602</u>

(Continued)

Appendix Table 2—Financial statements of Randolph Service Co., for selected months in 1977-80—Continued

Item	May 31			
	1977	1978	1979	1980
Assets	<i>Dollars</i>			
Cash	-120,561	-383,815	36,212	-865,557
Net trade receivables	1,848,231	1,710,008	1,833,364	2,445,969
Grain receivables	<u>187,851</u>	<u>148,040</u>	<u>498,761</u>	<u>403,840</u>
Total receivables	2,036,082	1,858,048	2,332,125	2,849,809
Inventory				
Petroleum Division	544,329	627,208	768,883	777,221
Feed Division	440,184	441,579	544,467	613,947
Plant Food Division	91,602	213,389	238,519	228,276
Elevator Division	<u>11,952</u>	<u>1,446,386</u>	<u>482,399</u>	<u>642,434</u>
Total inventory	1,088,067	2,728,562	2,034,268	2,261,878
Other current assets	<u>26,838</u>	<u>84,343</u>	<u>80,226</u>	<u>187,902</u>
Total current assets	3,030,426	4,287,138	4,482,831	4,434,032
Investments	831,416	818,945	857,654	977,748
Net fixed assets	<u>1,341,408</u>	<u>1,595,355</u>	<u>1,528,698</u>	<u>1,692,955</u>
Total assets	5,203,250	6,701,438	6,869,183	7,104,735
Liabilities and net worth				
Trade accounts payable	404,020	542,153	551,607	392,750
Grain accounts payable	268,621	685,043	1,049,513	1,196,970
Other current liabilities	<u>495,318</u>	<u>1,374,637</u>	<u>1,053,753</u>	<u>843,931</u>
Total current liabilities	1,167,959	2,601,833	2,654,873	2,433,651
Long-term debts	722,231	641,502	583,447	436,212
Net worth	<u>3,313,060</u>	<u>3,458,103</u>	<u>3,630,863</u>	<u>4,234,872</u>
Total liabilities and net worth	5,203,250	6,701,438	6,869,183	7,104,735

(Continued)

Appendix Table 2—Financial statements of Randolph Service co., for selected months in 1977-80—Continued

Item	July 31			
	1977	1978	1979	1980
Assets	<i>Dollars</i>			
Cash	-13,956	16,747	-91,675	-16,973
Net trade receivables	1,442,579	1,456,891	1,717,674	1,732,948
Grain receivables	<u>195,405</u>	<u>407,204</u>	<u>213,368</u>	<u>30,212</u>
Total receivables	1,637,984	1,864,095	1,931,042	1,763,160
Inventory				
Petroleum Division	480,333	546,364	585,739	678,066
Feed Division	309,390	382,509	420,899	462,701
Plant Division	114,295	245,501	185,169	322,876
Grain Division	<u>185,781</u>	<u>992,249</u>	<u>1,928,059</u>	<u>2,184,899</u>
Total inventory	1,089,799	2,166,623	3,119,866	3,648,542
Other current assets	<u>90,525</u>	<u>114,272</u>	<u>55,107</u>	<u>167,646</u>
Total current assets	2,804,352	4,161,737	5,014,340	5,562,375
Investments	<u>831,416</u>	<u>818,370</u>	<u>861,814</u>	<u>979,194</u>
Net fixed assets	1,342,608	1,585,584	1,522,652	1,698,670
 Total assets	 4,978,376	 6,565,691	 7,398,806	 8,240,239
Liabilities & net worth				
Trade accounts payable	170,799	286,402	364,441	353,009
Grain accounts payable	33,191	13,190,749	993,487	1,155,560
Other current liabilities	<u>653,154</u>	<u>899,271</u>	<u>1,770,250</u>	<u>2,050,427</u>
Total current liabilities	857,144	2,576,422	3,128,178	3,558,996
Long-term debts	<u>721,981</u>	<u>641,501</u>	<u>569,442</u>	<u>421,157</u>
Net worth	3,399,251	3,347,768	3,701,186	4,260,086
 Total liabilities and net worth	 4,978,376	 6,565,691	 7,398,806	 8,240,239

(Continued)

Appendix Table 2—Financial statements of Randolph Service co., for selected months in 1977-80—Continued

Item	December 31			
	1977	1978	1979	1980
Assets	<i>Dollars</i>			
Cash	-162,513	199,362	-137,509	404,828
Net trade receivables	740,545	693,391	981,074	1,396,357
Grain receivables	2,618,096	1,950,694	1,367,230	599,599
Other receivables	-0-	-0-	213,126	-0-
Total receivables	3,358,641	2,644,085	2,561,430	1,995,956
Inventory				
Petroleum Division	473,333	596,323	670,753	758,376
Feed Division	339,783	342,791	533,094	557,732
Plant Food Division	299,323	375,645	383,043	325,516
Elevator Division	305,882	1,126,363	2,159,346	2,568,596
Total inventory	1,418,321	2,441,122	3,746,236	4,210,220
Other current assets	43,110	785,344	741,856	31,649
Total current assets	4,657,559	6,069,913	6,912,013	6,642,653
Investments	857,069	854,885	954,047	1,529,437
Net fixed assets	1,572,665	1,438,385	1,617,592	1,653,464
Total assets	7,087,293	8,363,183	9,483,652	9,825,554
Liabilities and net worth				
Trade accounts payable	349,886	280,410	710,503	1,026,368
Grain accounts payable	522,646	3,563,519	3,847,427	3,662,995
Other current liabilities	2,358,383	411,373	398,566	118,919
Total current liabilities	3,230,915	4,255,302	4,956,496	4,808,282
Long-term debts	681,671	637,837	548,862	419,002
Net worth	3,174,707	3,470,044	3,978,294	4,598,270
Total liabilities and net worth	7,087,293	8,363,183	9,483,652	9,825,554

**U.S. Department of Agriculture
Agricultural Cooperative Service**

Agricultural Cooperative Service provides research, management, and educational assistance to cooperatives to strengthen the economic position of farmers and other rural residents. It works directly with cooperative leaders and Federal and State agencies to improve organization, leadership, and operation of cooperatives and to give guidance to further development.

The agency (1) helps farmers and other rural residents obtain supplies and services at lower costs and to get better prices for products they sell; (2) advises rural residents on developing existing resources through cooperative action to enhance rural living; (3) helps cooperatives improve services and operating efficiency; (4) informs members, directors, employees, and the public on how cooperatives work and benefit their members and their communities; and (5) encourages international cooperative programs.

The agency publishes research and educational materials, and issues *Farmer Cooperatives*. All programs and activities are conducted on a nondiscriminatory basis, without regard to race, creed, color, sex, or national origin.